

Sports Council for Wales Lottery Distribution Account 2014-15

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Presented to Parliament pursuant to Section 26(1) and Section 26(3) of the National Lottery
etc. Act 1993 (as amended by the National Lottery Act 1998)

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Annual Report

Foreword

History and statutory background

The National Lottery etc Act 1993 (as amended) nominated the Sports Council for Wales as the body responsible for distributing funds generated by the lottery to sport in Wales. The duties of Sport Wales in performing its Lottery functions are carried out pursuant to the account directions issued by the Secretary of State for Culture, Media and Sport, in accordance with Section 26(1) of the National Lottery etc Act 1993 and the Statement of Financial Requirements issued under Section 26(3) of the Act.

Management

The management and administration of the Lottery function is carried out through the Sports Council for Wales (known by its trade name, Sport Wales) and the panels established by Sport Wales to assist in distributing Lottery funds to good causes in Wales.

During 2014-15, Sport Wales comprised the following board members;

Prof L McAllister **	(Chair Reappointed 01.02.2013)
Mrs Adele Baumgardt	(Vice Chair Appointed 01.09.2012)
Prof. John Baylis *	(Reappointed 01.04.2015)
Mr Simon Pirotte	(Reappointed 01.04.2015)
Mr Andrew Morgan	(Retired 31.08.2014)
Mr Richard Cuthbertson *	(Retired 30.11.2014)
Mr Martin J Warren */**	(Retired 31.03.2015)
Mr Paul Thorburn	(Retired 31.03.2015)
Mr Alan Watkin *	(Retired 31.03.2015)
Ms Julia Longville	(Appointed 01.09.2012)
Ms Johanna Lloyd *	(Appointed 01.09.2012)
Mr Peter King *	(Appointed 01.09.2012)
Amanda Bennett *	(Appointed 01.09.2014)
Andrew Lycett *	(Appointed 01.09.2014)
Richard Parks	(Appointed 01.09.2014)
Samar Wafa	(Appointed 01.09.2014)
Ms S Powell	(Chief Executive)

* Member of the Audit committee

** Member of the Remuneration committee

Registered office

Sophia Gardens
Cardiff
Wales
CF11 9SW

Strategic Report

Our purpose as Wales' sports development and advocacy agency is twofold: to inspire more people to become, and remain active for life and to boost the performance of our elite athletes, teams and coaches. This is incorporated in our aspiration of 'Creating a Nation of Champions' and 'Every child hooked on sport for life'.

Sport Wales works in partnership with others to achieve these aims and has a role in bringing partners and people together; local authorities, governing bodies of sport, communities, coaches, adults, young people, children and the entire nation to support, participate and excel in sport. Sport Wales works towards achieving equality in all of our functions, whilst embracing the spirit of equality legislation and eradicating any form of unfair discrimination.

Lottery funding and additionality

All Lottery distributors are required to report on their policy and practice.

Lottery funding is distinct from Government funding and should not replace Exchequer spending. Where appropriate, it can complement Government and other programmes, policies and funding.

When we assess applications for funding, we ensure additionality is considered. We work closely with leading organisations to ensure that our funding programmes add value to Government and other funding but do not replace it.

Review of National Lottery Distribution Activities

During 2014-15 Sport Wales distributed awards under a number of Lottery Funded grant programmes.

Capital Grants

The fund's principal activities are aimed at increasing participation and improving performance in sport and physical recreation. Sport Wales introduced its plans for the distribution of lottery funds to capital projects in September 1994. A two stage process is used for all capital applications. The first stage of the application enables the initial focus to be more on the added benefits to sport and the aims, objectives and proposed management of the project. Applicants seek provisional approval of a scheme prior to undertaking the investment necessary to present the full application which is the second stage of the process.

Capital grants met totalling £3,756,000 (2013-14 £4,811,000) were made during the year. The amount provided in the accounts for signed contracts relating to capital grants fell by £914,000 in 2014-15 (2013-14 restated increase of £525,000).

Revenue Grants

Revenue grants met totalling £8,658,000 (2013-14 £8,719,000) were made during the year. The amount provided in the accounts signed contracts relating to revenue grants decreased by £701,000 in 2014-15 (2013-14 restated decrease of £3,171,000).

Movement on lottery balance to 31 March 2015

The following table shows the movements of the balances held with the National Lottery Distribution Fund in the year:

Balance at 1 April 2014 (£000)	Unrealised Loss (£000)	Income Received (Net) (£000)	Money Drawn Down From National Lottery Distribution Fund (£000)	Balance at 31 March 2015 (£000)
16,098	-	17,637	(14,350)	19,385

The table shows an increase in the balance held of £3.287 million, compared to an increase of £0.511 million in the previous financial year.

Financial results

Sport Wales's Lottery Distribution results are set out in the Statement of Comprehensive Net Income. Total comprehensive income for the financial year amounted to £4,415,000 (2013-14 restated total comprehensive income of £4,073,000). This has been transferred to reserves.

The statement of financial position for 2014-15 shows a total net asset figure of £15,670,000 (2013-14 restated £11,255,000).

The table below shows data from some of our key output data.

Performance Indicators 2014-2015

	Output 2014-15	Output 2013-14
Number of athletes moving through the Sport Wales pathway onto UK athlete pathway	20	26
Proportion of Welsh Athletes on UK athlete pathway	6.5	6.00
Number of affiliated club members within Sport Wales supported National Governing Bodies (NGB)	591,523	555,745
Number of hours of NGB use at the National Centre	27,651	28,186

Review of the year

There is no doubt that 2014 was a magnificent year for Welsh sport. It was the year when sport was Wales's biggest success story. A year in which records were broken, hauls of medals exceeded and we learnt to expect success as a norm not an exception.

Team Wales returned from Glasgow with 36 medals, their highest ever medal haul, and athletes such as Frankie Jones, Jazz Carlin, Natalie Powell and Geraint Thomas ensured that Wales shone on the world sporting stage. A number of athletes achieved personal bests or experienced a major game for the first time and they all created sporting memories which will last long in the memory. The team being crowned Team of the Year at the Annual Wales Sports Awards topped off an amazing year for Team Wales.

Following Glasgow a full review of our elite sport programme was completed and an updated elite sport review will be published shortly ensuring we continue to strive forward on the world stage.

Our Active Adults Survey highlighted the groups who are less likely to participate regularly. In 2014 we started to make inroads into tackling the stubborn participation gaps that we see among women and girls, those from ethnic minority backgrounds, those living with disability and those living in poverty. We announced our Calls4Action initiative, a £3 million investment into reducing the participation gaps we see in sport. We received 145 applications and successful projects were announced in March 2015.

It remains our vision to get every child hooked on sport for life and we now have the partnerships to support this and a common purpose to achieve it.

Plans for future periods

We have set out our work for the coming year in our business plan, which can be found on our website¹. For the first time, we have set out how an in year goal contributes to a wider or multi-year deliverable.

The establishment of a new, five-year strategic plan for 2015-20, will be central to setting the overall future direction for Sport Wales and to providing sharper clarity and focus for delivery and outcomes. The strategy will be built on four key pillars to ensure that we continue to operate in a strong, smart, sustainable and successful manner in the challenging environment we now face. The strategic aim is to drive delivery to an even higher level and to generate step-change success that will be recognised both in Wales and internationally. At a time of public sector financial constraint, Sport Wales has a responsibility to maximise opportunities for growth, and to act swiftly and decisively to lay the foundations for a successful sporting sector.

Over the period of our Corporate Plan 2013-2016, the following key outcomes will be measured:

- The percentage of young people in school years 3–11 who participate three or more times a week in an extracurricular and/or club setting;
- The percentage of young people in school years 3–11 who participate in sport in a club;
- The percentage of young adults 16–24 participating on three occasions a week on average in the previous four weeks; and
- The percentage of adults aged 15+ that volunteered in the last 12 months;

Population outcome measures can be reported on every two years.

Sustainability

Sport Wales actively pursues policies and initiatives that seek to reduce the impact its operations have on the environment. Last year, the board and senior management team considered the additional actions which Sport Wales could take to further mitigate the impact of its work on the environment. This led to the Corporate Environmental Strategy, which was approved by the board. Over and above the significant steps already undertaken, Sport Wales set itself the goal to exceed Welsh Government targets, the primary one being a 3% annual reduction in carbon emissions using 2013-14 as a baseline, to be measured on a rolling three year basis.

For 2014-15, the Defra carbon emissions conversion factor for electricity has increased, so even though the electric usage has decreased, the carbon emissions have increased year on year. The large drop in energy usage (electricity, gas & gas oil) is driven by the effect of a milder winter, combined with further implementation of motion activated lighting and replacing life expired fluorescent lighting with more efficient LEDs.

The increase in the amount of waste produced is due to construction waste at Sport Wales National Centre for refurbishment projects.

Sport Wales is continuing with a drive to implement technological solutions to help reduce emissions and waste where possible. This includes video conferencing facilities and improved personal ICT solutions such as dual screens to reduce printing. This is beginning to impact on staff behaviour and we expect to see the benefits in future years.

¹ http://www.sportwales.org.uk/media/1481695/sport_wales_business_plan_2014-15.pdf

Plas Menai is continuing to use the environmental system implemented last year and over the coming year we will be using the data it provides to make targeted changes to reduce energy usage. Also, the National Centre in Cardiff is undertaking a feasibility study into onsite renewable generation at Sophia Gardens.

Sport Wales National Centre achieved it's lowest Energy Performance Operational Rating during the year well below the typical rating for the type of building. During the year an electric truck was purchased for use on the grounds removing the need to use the tractor for smaller tasks.

Social and community issues

Our work is guided by several key documents: the Programme for Government; Creating an Active Wales, the five year strategic action plan to deliver Climbing Higher; and the Vision for Sport in Wales. The Programme for Government is reflected in the Minister's Remit letter to Sport Wales.

Our vision for community sport is "every child hooked on sport for life". This really does mean every child. Amongst very positive results in the growth of sporting participation amongst both adults and children, we continue to see unacceptable inequalities. Our Active Adult Survey and School Sports Survey results have shown us that; Boys and men take part in more sport than women and girls, and those from less affluent backgrounds, BME communities or with a disability are measurably less likely to participate.

S Powell
Accounting Officer

29 June 2015

Full details including tables detailing Sport Wales offices data and associated cost can be found in the consolidated financial statements for the Sports Council for Wales and Sports Council for Wales Trust.

<http://www.sportwales.org.uk/about-us/about-sport-wales/key-publications.aspx>

Directors Report

Declarations of interest

All Members and Senior Staff of Sports Wales have completed a return detailing any interests in Organisations which provide, or may seek to provide, commercial services to Sport Wales for 2014-15. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 15 of these accounts.

Personal data related incidents

Sport Wales has controls and policies in place to ensure data integrity. Information Technology systems ensure that the physical security of data is tightly controlled. As far as we are aware, no loss of data occurred during the period under review.

Risk identification and management

Detail on Risk Management is contained in the Risk Management section of the Annual Governance Statement page 18.

Supplier payment policy and performance achieved

Under the Late Payment of Commercial Debts (Interest Act 1998) and in line with the Better Payment Practice Code (which can be located on www.payontime.co.uk) Sport Wales is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

Sport Wales aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2015 Sport Wales paid 100% (2013-14 100%) of all invoices within the terms of its payment policy. No interest was incurred during the year as a result of late payments.

Financial instruments

Details of financial instruments can be found in note 1.10 and note 14 to the financial statements.

Human resources

Sport Wales has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly with staff involvement via a recognition agreement with the PCS Union. All policies are equality checked before implementation. Sport Wales is committed to a policy of equality of opportunity in its employment practices. In particular, Sport Wales aims to ensure that no potential or actual employee receives more or less favourable treatment on the grounds of age, disability, ethnic or national origin, gender, marital or parental status, nationality, political belief, race, religion, or sexual orientation. We also follow the 'Equality Standard for Sport' and 'Positive about Disabled' schemes.

Investing in our people

Sport Wales has "Investors in People" status and its human resources policies reflect best practice as part of its commitments as a learning organisation.

Sickness absence data

The sickness data for employees of the whole organisation for 2014-15 (2013-14) is as follows:

Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
935.50	150.32	6.22
(870.00)	(148.89)	(5.84)

Remuneration of auditors

During 2014-15, no non audit work was undertaken by our external auditor, the Comptroller and Auditor General. The audit fee is disclosed in note 8 to the financial statements.

Pension scheme

Employees of Sport Wales are members of the Cardiff and Vale of Glamorgan Pension Fund (the Fund). The Fund is a defined benefit scheme providing benefits based on final pensionable pay, and its assets are held separately from those of Sport Wales. Any pension built up before April 2008 is calculated at a rate of 1/80th with a lump sum of three times pension. Pension built up from 1 April 2008 is calculated at the rate of 1/60th and there is an option to take an extra lump sum in exchange for pension. From April 2014, the LGPS has changed from a final pension scheme to a Career Average Re-valued Earnings (CARE) scheme. Pension built up from 1 April 2014 is calculated at the rate of 1/49th with an option to take an extra lump sum in exchange for pension. The contributions of employees and manual staff are set at 5.5% to 10.5% based on salary range. Further details can be found in note 1.5 and note 16 to the financial statements.

Statement on disclosure of relevant audit information.

- 1 As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware, and
- 2 The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any audit information and to establish that the auditors are aware of that information.

S Powell
Accounting Officer

29 June 2015

Remuneration Report

In accordance with Chapter 5 of the Financial Reporting Manual, Sport Wales is required to disclose the following concerning remuneration during the year of Council Members and Senior Staff with responsibility for running policy making departments. Treasury guidance requires the financial statements to disclose the cash equivalent transfer value of pensions for Sport Wales Members and Senior Staff.

Remuneration Policy

The Chair, Vice Chair and members of Sport Wales are paid in accordance with the Welsh Government "Remuneration and expenses of Chairs and Members of ASGBs and NHS Bodies" policy.

The Remuneration Committee which consists of Sport Wales Chair, Vice Chair and Chair of the Audit Committee supported by Sport Wales's Human Resources Manager meets to agree the annual pay award for all staff via the Welsh Government's pay remit process. Also, the CEO post now has a salary range associated with it, which is determined by Welsh Government.

Service Contracts

The Senior Staff of Sport Wales are employed on terms and conditions broadly analogous to the Welsh Government terms and conditions

Sport Wales Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed for normally a further three year period. The Chair is remunerated at a daily rate of £337 and is contracted to work two days per week. The Vice Chair is remunerated at a daily rate of £311 and is contracted to work one day per week.

Other Council Members receive a daily rate of £282 and are contracted to work two days per month.

Notice Period

The Chief Executive is entitled to four months notice of termination of contract by Sport Wales and the remaining Senior Staff are entitled to three months notice of termination of contract.

Remuneration

'Salary' includes gross salary, allowances and performance bonuses where applicable. During the year the Chief Executive received a gross salary of £89,483, (2013-14 £79,170). No bonus payments were made to the Chief Executive or any other member of staff during the year (2013-14 £Nil).

A proportion of the Senior Management salary costs are allocated to lottery. Further detail can be found in note 1.6 of the financial statements.

Benefits in Kind

There are no benefits in kind.

The following sections provide details of the remuneration and pension interest of the Senior Managers of Sport Wales. Details on start/leave dates can be found in the Pension Benefits table in the latter part of the remuneration report.

Single Total Figure of Remuneration (subject to audit)

Name	Title	% AppORTIONED to Lottery	Salary £000	Pension Benefit	Total 000
		2014-15 (2013-14)	2014-15 (2013-14)	2014-15 (2013-14)	2014-15 (2013-14)
Prof. Laura McAllister	Chair	50% (50%)	35 – 40 (35 – 40)	–	35 – 40 (35 – 40)
Mrs Adele Baumgardt	Vice Chair	50% (50%)	10 – 15 (10 – 15)	–	10 – 15 (10 – 15)
Ms Sarah Powell *	Chief Executive	25% (25%)	85 – 90 (75 – 80)	67,588 (119,126)	155 – 160 (195 – 200)
Dr Huw Jones	Chief Executive	0% (25%)	– (35 – 40)	– (0)	– (0 – 5)
Mr Roy Payne	Corporate Director	0% (50%)	– (25 – 30)	– (7,840)	– (35 – 40)
Mr Jonathan Davies	Corporate Director	50% (50%)	55 – 60 (5 – 10)	17,904 (2,497)	70 – 75 (10 – 15)
Mr Mark Frost ***	Corporate Director	25% (25%)	15 – 20 (55 – 60)	2,343 (14,120)	20 – 25 (70 – 75)
Ms Sian Thomas	Corporate Director	0% (20%)	– (0 – 5)	– (0)	– (0 – 5)
Mr Graham Williams ****	Corporate Director	25% (25%)	50 – 55 (45 – 50)	36,265 –	85 – 90 –
Mr Peter Curran	Corporate Director	25% (0%)	5 – 10 –	0 –	5 – 10 –
Mr Randal Hemingway	Corporate Director	25% (25%)	25 – 30 (50 – 55)	8,933 (14,479)	35 – 40 (65 – 70)
Mr Alan Williams **	Manager Plas Menai Watersports Centre	0% (0%)	55 – 60 (55 – 60)	0 (13,264)	55 – 60 (65 – 70)
Mr Malcolm Zapple	Manager Sport Wales National Centre	0% (0%)	55 – 60 (55 – 60)	10,147 (13,378)	65 – 70 (70 – 75)
Mr David Roberts	Council Member	0% (50%)	– (5 – 10)	–	– (5 – 10)
Mr Martin J Warren	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Prof John Baylis	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Mr Richard Cuthbertson	Council Member	50% (50%)	0 – 5 (5 – 10)	–	0 – 5 (5 – 10)
Mr Andrew Morgan	Council Member	50% (50%)	0 – 5 (5 – 10)	–	0 – 5 (5 – 10)
Mr Simon Pirote	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)

Mr Paul Thorburn	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Mr Alan Watkin	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Ms Johanna Lloyd	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Ms Janet Kingston	Council Member	50% (50%)	– (0 – 5)	–	– (0 – 5)
Ms Julia Longville	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Mr Peter King	Council Member	50% (50%)	5 – 10 (5 – 10)	–	5 – 10 (5 – 10)
Ms Amanda Bennett	Council Member	50% (0%)	0 – 5 –	–	0 – 5 –
Ms Samar Wafa	Council Member	50% (0%)	0 – 5 –	–	0 – 5 –
Mr Andrew Lycett	Council Member	50% (0%)	0 – 5 –	–	0 – 5 –
Mr Richard Parks	Council Member	50% (0%)	0 – 5 –	–	0 – 5 –

Any negative Pension Benefit Figures arising in 2013-14 have been restated in accordance with guidance issued by the Welsh Government.

* During 2013-14, Sarah Powell held the following roles:

Dates	Job Title	FTE Salary
1 April to 4 July	Corporate Director	£56,576
5 July to 30 Sept	Interim CEO	£83,200
1 October to 31 March	CEO	£88,400

The Remuneration Report now requires that a Single Total Figure of Remuneration is shown. The above table is similar to that used previously, and still shows the salary paid in bandings. The pension benefit figure which contributes to the single total figure is calculated in a new way as follows:

$(\text{real increase in pension}^* \times 20) + (\text{real increase in lump sum}^*) - (\text{contributions made by employee})$

*excluding increases due to inflation or any increase/decrease due to a transfer of pension rights

The pension benefit figure is not an amount that has been paid to the employee by Sport Wales during the year. It is a future benefit for the employee which is influenced by many factors including but not limited to, salary changes and any additional contributions made by the employee.

** During 2014-15 a payment of £37,119 was made toward the strain on the pension fund as a result of the early retirement of Alan Williams, Manager Plas Menai Watersports Centre.

*** During 2014-15 a payment was made to Mark Frost who took voluntary redundancy. He received a compensation payment of £50-55,000.

**** During 2013-14 Graham Williams was employed as Sport Wales Regional Manager and was appointed as Acting Corporate Director on 1st September 2014.

Median Remuneration Ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration (£'000)	90 – 95	85 – 90
Median Total Remuneration	25,750	25,750
Ratio	3.6	3.4

The ratio was calculated using the following assumptions:

- 1 Only salaries for staff paid through the payroll has been used (excludes agency staff as not material).
- 2 Figures have not been adjusted to reflect any apportionment to the Lottery accounts i.e. costs reflect all staff employed by The Sports Council for Wales processed through the payroll.

Total remuneration includes salary and allowances but excludes severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There was an increase in the median ratio of 0.2. The CEO total remuneration has increased by £2,600, whilst the median total remuneration has remained comparable.

Pension Benefits (subject to audit)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

Name	Real increase in Pension (and lump sum) at age 65 for		Total accrued Pension (and lump sum) at age 65 at 31 March 2015	CETV at 31 March 2015	CETV at 31 March 2014	Real Increase/ (Decrease) CETV in Year
	2014-15	March 2015				
Ms Sarah Powell <i>Chief Executive</i>	2.5 – 5.0 (2.5 – 5.0)	20 – 25 (35 – 40)		263	215	39
Mr Randal Hemingway <i>Corporate Director (to 08.10.2014)</i>	0.0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)		13	9	2
Mr Peter Curran <i>Corporate Director (from 05.01.2015)</i>	0 – 2.5 (0.0 – 2.5)	– –		–	–	–
Mr Alan Williams <i>Manager Plas Menai Watersports Centre</i>	0 – 2.5 (–0.0 – 2.5)	20 – 25 (45 – 50)		479	447	27
Mr Malcolm Zapple <i>Manager Sport Wales National Centre</i>	0.0 – 2.5 (–0.0 – 2.5)	20 – 25 (45 – 50)		393	369	19
Mr Mark Frost <i>Corporate Director (to 20.08.2014)</i>	0.0 – 2.5 (–0.0 – 2.5)	10 – 15 (20 – 25)		201	191	8
Mr Jonathan Davies <i>Corporate Director (from 27.01.2014)</i>	0.0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)		12	2	5
Mr Graham Williams <i>Corporate Director</i>	0.0 – 2.5 (0.0 – 2.5)	15 – 20 (30 – 35)		237	204	28

Leavers during 2013-14 have not been included in the table above:

Sian Thomas leaving date 10 May 2013

Huw Jones leaving date 30 September 2013

Roy Payne leaving date 10 January 2014

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Sport Wales's pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real Increase/(Decrease) in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Further information is set out at note 16.

S Powell
Accounting Officer

29 June 2015

Statement of sports council for Wales and Chief Executive's responsibilities

Under Section 35 (2) - (3) of the National Lottery etc Act 1993, the Sports Council for Wales (Sport Wales) is required to prepare a statement of accounts for the financial period in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of Sport Wales Lottery Distribution activities at the year end and of its income and expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer and Council are required to comply with the requirements of HM Treasury's Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether appropriate accounting standards, as set out in HM Treasury's Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the fund will continue in operation.

The Principal Accounting Officer for the Welsh Government has designated the Chief Executive as Accounting Officer for Sport Wales. Her relevant responsibilities as Accounting Officer for Lottery distribution activities, including her responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Sport Wales's assets, are set out in the Welsh Government's Accounting Officers Memorandum issued by HM Treasury.

S Powell
Accounting Officer

29 June 2015

Annual Governance Statement 2014-15

Introduction

The Governance Statement brings together in one place all disclosures about matters relating to an organisation's governance, risk and control. As Accounting Officer I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Sport Wales during the course of the year.

As Accounting Officer I have reviewed the 2012 Corporate Governance Code and believe that Sport Wales has fully complied with the relevant elements of the code in respect of both its Exchequer and Lottery functions.

Corporate governance

The Board

Corporate Governance is the system by which organisations are directed and controlled. The Board of Sport Wales is responsible for the governance of Sport Wales and the Sports Council for Wales Trust. The Board's role is to satisfy itself that an appropriate governance structure is in place and to scrutinise the performance of the executive and the organisation's delivery of the Sport Wales Vision.

The Sport Wales Board is made up of a Chair, a Vice Chair and up to twelve other members all of whom are appointed by the Welsh Government. The Board's composition includes representation from a wide cross section of different professions and members with expertise and experience relevant to both community and elite sport.

Attendances for both the Board and the Audit Committee are shown in the table below.

Board Member	Board Meeting (Number of meetings attended)	Audit Committee (Number of meetings attended)
Prof. L McAllister (Chair)	5	Not Applicable
Adele Baumgardt (Vice Chair)	5	Not Applicable
Amanda Bennett**	3	2
Martin J Warren	5	4
John Baylis	5	3
Richard Cuthbertson*	4	1
Andrew Morgan*	0	Not Applicable
Simon Pirotte	4	Not Applicable
Paul Thorburn	4	Not Applicable
Alan Watkin	4	3
Julia Longville	5	Not Applicable
Andrew Lycett**	3	3
Johanna Lloyd	5	1
Peter King*	5	1
Richard Parks**	2	Not Applicable
Samar Wafa**	3	Not Applicable
(External members – Audit Committee only)		
Sandy Blair	Not Applicable	3
Louise Casella	Not Applicable	3
Overall Percentage Attendance rate	91 per cent	71 per cent

* retired during the year

** Started Sept 2014

To discharge its responsibilities and to obtain the assurance required that demonstrate good governance practices are in place, the Board has agreed the following governance structure:

- Two permanent committees; The Audit Committee and the Remuneration Committee;
- Three Sub Groups and two advisory group approved by the Board (listed below);
- The Executive Management Team and staff structure.

Audit Committee

The Board has established an Audit Committee to support it in discharging its responsibilities specifically in the areas of risk, internal control and governance through:

- Reviewing the comprehensiveness and operation of current processes, controls and other measures to meet the assurance needs of the Board and the Accounting Officer;
- Reviewing the reliability and integrity of the assurances provided by the executive and the internal and external auditors; and
- Providing an opinion as to how well the Council and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of Financial Reporting).

The Audit Committee consisted of six Board members and up to two independent external members. The committee met four times during the year and there was an overall members' attendance rate of 71%.

Over the year the committee's areas of focus included (but were not limited to):

- the operation and effectiveness of the risk management review framework;
- internal audit reports covering specific business areas and the annual internal audit report;
- the Annual Report and Accounts and their format;
- observations made by external audit, particularly the annual management letter;
- compliance with the Framework Document issued by the Welsh Government as well as compliance with the Lottery Statement of Financial Requirement;
- the Governance Framework document;
- the risks and controls around grant awards;
- operational risk management of the two National Centres;
- the specific risks associated with supporting elite sport and high performance athletes; and
- the Gifts and Hospitality Register.

The Board received the minutes of the Audit Committee at each meeting and are advised by the Audit Chair of any significant matters. The Audit Chair also presents a formal annual report on the committee's work to the Board.

IT systems ensure that the physical security of data is tightly controlled. In 2014-15 no information risk issues or significant control weaknesses were identified and the Audit Committee was satisfied that the level of risk was acceptable and managed in an appropriate manner.

Remuneration Committee

During the year, the Remuneration Committee reviewed and approved the annual pay award of the CEO. The award was approved by Welsh Government.

Task and finish groups

Task and finish groups are set up by the Board as and when required. The groups are made up of Board members appointed by the Chair sometimes with independent members. They are supported by officers of Sport Wales. Their purpose is to provide additional help and advice to the Board within specific themes and they meet on an ad-hoc basis.

During 2014-15 the following task and finish groups were operational:

- Plas Menai review;
- Equalities;
- Focus 2014(for the 2014 Commonwealth Games);
- Performance Management;
- Transition (to oversee the recruitment of new Directors);
- High Performing Organisation;
- Community;
- Elite.

A member of the Board who is also a member of each task and finish group is identified to report back verbally at each Board meeting.

The Executive Senior Management Team

The Executive, under the leadership of the Chief Executive, is responsible to the Board for the development and implementation of strategy and policies and the reporting thereof.

The Executive meets at regular intervals and typically fortnightly to discuss and agree corporate matters. Progress against the Business Plan is reported and monitored on a quarterly basis.

There have been considerable changes in the membership of the executive during the year. A number of the Corporate Director posts have become vacant or changed incumbent.

Board and Committee Effectiveness

In line with best practice and following the recommendations of Managing Public Money, a review of effectiveness has again been completed during 2014-15; and the recommendations of the review acted upon. As a consequence a number of new Board appointments were made and some appointments have not been renewed.

The Board is content with the quality and amount of information received in order for it to make considered decisions.

Risk Management

The purpose of the system of internal control

The system of internal control is designed to manage and limit risk but can never eliminate it. It therefore only provides reasonable and not absolute assurance. The system of internal control is based upon an on-going process designed to identify and prioritise the risks of achieving Sport Wales' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should this happen, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Sport Wales throughout the year ended 31 March 2015 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally, the system of internal control provides reasonable assurance that Sport Wales has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring that the Sports Council for Wales has an effective risk management process. This is overseen by the Board, through the Audit committee. As an organisation, the key risks are monitored through appropriate use of the Risk Register. There is a documented Risk Management Policy that contains definitions relating to risk management and the policy also sets out how risks should be identified, recorded, analysed and managed.

Corporate risks, and the control measures implemented to mitigate them, are assigned to and managed by the appropriate manager, corporate director or in some cases by the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the relevant managers while day to day risk management may be delegated to their subordinates.

New risks are identified by officers of Sport Wales, Audit Committee scrutiny or the Board itself. When a new risk has been identified, it is inserted into the Risk Register, assessed and scored and assigned to a corporate director and/or manager.

The risk and control framework

Risk management is embedded within the management structure of Sport Wales. The majority of business, financial and service delivery risks is derived from the organisational objectives and the business planning process of Sport Wales.

The Risk Register is an electronic solution that is accessible to relevant managers via an online portal. The workings of the Register has been subject to an internal audit and presented to the audit committee. The Risk Register records significant corporate risks including risks to information, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures. The Risk Register is reviewed at regular intervals by managers and the Audit Committee. In addition managers present by rotation to the Audit Committee on their specific areas of risk and how they control or mitigate those risks.

Grants monitoring

The majority of Sport Wales funding is expended in the award of grants. Grant awards are made on clear investment criteria into key sporting outputs and outcomes. Sport Wales takes appropriate steps to monitor the application of such awards by requiring formal reporting from recipients, as well as maintaining an on-going dialogue with key partners to gather informal intelligence. In addition, there are specific reconciliation criteria and where expenditure may vary from the level of grant award, Sport Wales exercises its right to claw back such amounts.

Key Risks

Risks to key strategic and operational activities are identified, evaluated and considered by the Senior Management Team, and action taken to mitigate them. Risks and the actions to manage risks are reviewed at regular intervals. The internal audit programme is significantly influenced by risks recorded in the risk register and, where appropriate, the auditors make recommendations to address any risk or identify new ones. The Audit Committee will review these recommendations and action appropriately.

Looking ahead, there are a number of key risks which have been identified at Sport Wales in the near future:

These are the implementation and roll out of a new on line Grant Management system and the impact of a planned change to the management structure. However, the most significant strategic risk will be the impact of on-going cuts to public expenditure, combined with the increased financial cost of meeting pension deficit payments, which present the greatest threat to the delivery of Sport Wales objectives.

Sport Wales has an overall informed and measured appetite for taking risk to achieve its priorities. Where significant risk arises Sport Wales will take effective control action to reduce and manage these risks to a safe level. The Executive and Board are aware of the need to innovate further and faster in the future and to this end are actively exploring different delivery mechanisms and partners. This will create new and different risks and potentially increase the level of risk taken by Sport Wales. The Sport Wales Risk appetite may therefore rise but only within an informed and managed risk environment.

The Internal Auditors have given Sport Wales moderate assurance and no audit findings were classified as being of "high" or "very high" risk. During the year, a number of internal audit reports identified opportunities to enhance the control systems. The internal auditors were "satisfied that appropriate action has been identified by management to deal with the issues arising".

Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport Wales's policies, aims, and objectives. I also have personal responsibility for safeguarding the proceeds from the National Lottery distributed to Sport Wales and Sport Wales's assets, in accordance with the responsibilities assigned to me in *Managing Public Money*.

I am responsible for reviewing the effectiveness of the system of internal control. This is overseen by the Board, through the Audit Committee. It is informed by the work of both the internal and external auditors and the staff presentations to the audit committee of Sport Wales who have responsibility for the development and maintenance of the internal control framework. I plan to address identified weaknesses and ensure continuous improvement of the systems.

The internal audit service for Sport Wales during 2014-15 was provided by KTS Owens Thomas Ltd, who operated to standards defined in the Public Sector Internal Audit Standards. Internal audit submit regular reports which provide an independent annual opinion on the adequacy and effectiveness of Sport Wales's systems of internal control and risk management, together with recommendations for improvement. Since KTS Owens had been Sport Wales' internal auditors for more than 10 years, a compliant tendering exercise was undertaken during the year. As a result of the tendering process, Sport Wales' internal audit services from 2015/16 will be provided by Deloitte.

Every year the Audit Committee produces an Annual Report of their work to the Board of Sport Wales.

Ongoing developments

Whilst the current system of internal control is strong, there are always areas which require or will benefit from improvement. During 2013-14 we reported that an independent review was undertaken of the Welsh Amateur Boxing Association, following issues raised both internally and externally. The review found a number of control weaknesses and poor working practices. Sport Wales took immediate and appropriate action to protect public funding and the organisation responded positively to the concerns raised. During 2014-15, and as a condition of any further grant funding, we have continued to work closely with the Governing Body to monitor progress against recommendations made. The process prompted Sport Wales to review the control system in operation over the National Governing Bodies generally and during 2014-15 additional steps have been implemented to further strengthen the controls in place to manage the risk inherent in investing public funding into third party organisations. We will keep this under constant review in 2015-16.

An updated risk strategy was received by the Audit Committee in March 2015. It described the respective responsibilities of the Board (ownership of Strategy and Risk Appetite) and Executive (management arrangements). Henceforth, the Board will receive the corporate risk register at regular intervals, and review risk appetite on an annual basis.

During 2015-16, we will go live with a new on-line grants management system to improve efficiency and effectiveness. This will allow us to record much richer information regarding our investments and make more informed decisions in the future.

Sport Wales has undertaken a review of its management and governance arrangements for special projects. The outcome of the review has been to strengthen accountability, resource control and reporting.

Planning and budgeting will, from the start of the 2016-17 cycle, be undertaken on a longer-term basis to complement the strategic plan and so derive a financial strategy that can better sit alongside Sport Wales' vision and mission.

As part of this longer-term planning approach, managers will be expected to provide a strategic overview of their funding, its effectiveness and how it fits into the strategic aims and objectives of the organisation.

S Powell
Accounting Officer

29 June 2015

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Members of the National Assembly for Wales

I certify that I have audited the financial statements of the Sports Council for Wales Lottery Distribution Account for the year ended 31 March 2015 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and Auditor

As explained more fully in the Statement of Sports Council for Wales and Chief Executive's Responsibilities, the Board and the Accounting Officer (Chief Executive) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sports Council for Wales Lottery Distribution Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Sports Council for Wales and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Sports Council for Wales Lottery Distribution Account's affairs as at 31 March 2015 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Strategic and Director's Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse KCB
Comptroller and Auditor General

7 July 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Statement of Comprehensive Net Income for the year ended 31 March 2015

	Notes	2014-15 £000	2013-14 £000
Expenditure			
Grant commitments made in year	3	10,892	10,938
Less lapsed and revoked commitments	3	(93)	(54)
Staff costs	7	1,701	1,764
Depreciation: owned assets	9	33	29
Other operating costs	8	415	382
Total Expenditure		12,948	13,059
Gross Income			
Proceeds from National Lottery Distribution Fund (NLDF)		(17,592)	(15,229)
Investment returns from the NLDF		(71)	(70)
Recoveries of grant		(58)	(61)
Other income	8	(174)	(174)
Total Income		(17,895)	(15,534)
Net income from activities		(4,947)	(2,475)
Other Comprehensive Income/Expenditure			
Loss/(gain) on the revaluation of NLDF investments		–	261
Pension finance cost		94	198
Actuarial (gain)/loss on pension	16	439	(2,056)
		533	(1,597)
Net Income before interest and taxation		(4,414)	(4,072)
Interest receivable		(1)	(2)
Net income before taxation		(4,415)	(4,074)
Taxation Payable	6	–	1
Net income after taxation		(4,415)	(4,073)
Total Comprehensive income for the year ended 31 March 2015			
Balance at 1 April		(11,255)	(7,182)
Balance at 31 March		(15,670)	(11,255)

Prior year figures have been re-stated due to a change in accounting policy as shown in Note 1.12

All recognised gains and losses have been calculated on the historical cost basis and have been reflected in the above statement. All activities are continuing with no acquisitions or disposals.

The notes on pages 27 to 43 form part of these accounts.

Statement of Financial Position for the year ended 31 March 2015

	Notes	31 March 2015 £000	31 March 2014 £000 Restated	1 April 2013 £000 Restated
Non current assets				
Property, plant and equipment	9	153	135	116
Current assets				
Trade receivables and other current assets	10	158	197	68
Investments-balance held in NLDF		19,385	16,098	15,587
Cash and cash equivalents	12	376	588	1,482
Total Current Assets		19,919	16,883	17,137
Total assets		20,072	17,018	17,253
Current liabilities				
Grant accrual	3	(751)	(2,334)	(5,129)
Other current liabilities	11	(614)	(797)	(407)
Total Current liabilities		(1,365)	(3,131)	(5,536)
Non Current assets plus net current assets		18,707	13,887	11,717
Non current liabilities				
Grant accrual	3	(238)	(270)	(121)
Pension Liability		(2,799)	(2,362)	(4,414)
		(3,037)	(2,632)	(4,535)
Assets less liabilities		15,670	11,255	7,182
Reserves:				
Income and expenditure reserve		18,469	13,617	11,596
Pension Reserve		(2,799)	(2,362)	(4,414)
		15,670	11,255	7,182

The 2013 and 2014 figures have been re-stated due to a change in accounting policy as shown in Note 1.12

The notes on pages 27 to 43 form part of these accounts.

The financial statements were approved by the Audit Committee and signed on its behalf by:

S Powell
Accounting Officer

29 June 2015

Statement of Cash Flows for the year ended 31 March 2015

	Notes	2014-15 £000	2013-14 £000
Operating activities			
Increase in funds for the year		4,414	4,072
Decrease in debtors		13	8
(Decrease) in creditors		(1,798)	(2,256)
(Increase) in balance held at NLDF		(3,287)	(511)
Depreciation of plant & equipment	9	33	29
Pension Cost	16	437	(2,052)
Net cash inflow/(outflow) from operating activities		(188)	(710)
Investing activities			
Interest received		1	2
Financing activities			
Purchase of property, plant & equipment	9	(51)	(48)
Loan	10	-	(143)
Loan repayments		26	6
Taxation			
Corporation tax paid		-	(1)
Net cash inflow/(outflow) for the year	12	(212)	(894)

The notes on pages 27 to 43 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the Sports Council for Wales Lottery Distribution account for the year ended 31 March 2015

	Balances held in NLDF £000	Balances held at SCW £000	Pension Reserve £000	Total 2013-14 £000
Balance at 1 April 2013	15,587	(3,175)	(4,414)	7,998
Restatement of Opening Balance held at SCW	-	(816)	-	(816)
Restated Balance as at 1 April 2013	15,587	(3,991)	(4,414)	7,182
Changes in Taxpayers' Equity 2013-14				
Income from the National Lottery	15,229	-	-	15,229
Drawn down in year by Sport Wales	(14,500)	14,500	-	-
Investment returns	70	2	-	72
Other Operating Income	-	174	-	174
Recoveries of grants	-	61	-	61
Expenditure in year	(27)	(13,227)	-	(13,254)
Loss on revaluation	(261)	-	-	(261)
Pension Cost	-	-	2052	2052
Restated Balance as at 31 March 2014	16,098	(2,481)	(2,362)	11,255
Changes in Taxpayers' Equity 2014-15				
Income from the National Lottery	17,592	-	-	17,592
Drawn down in year by Sport Wales	(14,350)	14,350	-	-
Investment returns	71	1	-	72
Other Operating Income	-	174	-	174
Recoveries of grants	-	58	-	58
Expenditure in year	(26)	(13,018)	-	(13,044)
Pension Cost	-	-	(437)	(437)
Balance at 31 March 2015	19,385	(916)	(2,799)	15,670

The 2012 and 2013 figures have been re-stated due to a change in accounting policy as shown in Note 1.12

The notes on pages 27 to 43 form part of these accounts.

Notes to the Accounts

1 Accounting policies

1.1 Basis of Accounting

The accounts have been prepared under the historical cost convention, modified by the valuation of Property, Plant and Equipment by reference to current costs, in accordance with the directions given by the Secretary of State for Culture, Media and Sport with the consent of Treasury in accordance with Section 35 of the National Lottery etc Act 1993 (as amended). A copy of the accounts direction can be obtained by request in writing to Sports Council of Wales (Sport Wales), Sophia Gardens, Cardiff, CF11 9SW. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006 and are prepared in accordance with IFRS issued by the International Accounting Standards Board so far as these requirements are appropriate.

Separate accounts have been prepared for the activities funded from grant-in-aid, in accordance with the directions issued by the Welsh Ministers. There is no requirement for this account to be consolidated with Sport Wales's accounts.

The accounts have been prepared on a going concern basis. Sport Wales is required to account for long term grant commitments which fall due for payment in subsequent accounting periods, which are funded by future lottery proceeds.

1.2 Income from the National Lottery Distribution Fund

The distributing activities of Sport Wales's Lottery function are funded by allotted proceeds from the National Lottery. These are held in a fund administered by the Department for Culture, Media and Sport, and are available to be drawn-down into Sport Wales's Lottery bank accounts when needed.

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of such balances attributable to Sport Wales is shown in the accounts at market value and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by Sport Wales in respect of current and future commitments.

The balance held at 31 March 2015 at the NLDF, is unaudited as the audit of the Fund is incomplete. Any adjustment arising from that audit will be reflected in the 2015/16 accounts and is not expected to be material. The opening balance of the fund for 2013-14 was adjusted for an unrealised loss totalling £261,000, 2014-15 £Nil.

1.3 Property, Plant and Equipment

Sport Wales capitalise any property, plant and equipment over £500 used exclusively in the administration of the Lottery function and the equipment is included in the statement of financial position at historic cost less a provision for depreciation. In the opinion of Sport Wales, there is no material difference between the historic and current cost net book value of these assets.

1.4 Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment having regard to their estimated useful lives and anticipated residual values. The average asset lives used for this purpose are as follows:

Equipment – Computers	3 years
Equipment – Other	3 –10 years

The policy of Sport Wales is to depreciate assets from the month following acquisition.

1.5 Pension Costs

Contributions to the pension schemes are charged to the Statement of Comprehensive Net Income so as to spread the cost of pensions over employees' working lives with Sport Wales.

The apportionment of any pension liabilities or assets between Lottery and Sport Wales is based on the historic rate of apportionment of staff costs see 1.6.1. The pension fund deficit payments are allocated on the same proportion as the pension deficit allocation to the Lottery account.

1.6 Allocation of Costs

The apportionment of staffing and indirect costs transferred from Sport Wales to the Lottery account is calculated on the following basis:

1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities. Where staff are identified as being employed 100% for Lottery purposes their costs are recharged in full. Where staff work, or provide a service to both lottery and exchequer schemes, their costs are recharged in proportion to the amount of time spent on Lottery work.

1.6.2 Non staff costs are recharged either on the basis of the floor area occupied by Lottery staff, or where no floor area data is available or considered appropriate, costs are apportioned based upon total Lottery staff time expressed as a percentage of total staff time.

1.6.3 Council Members remuneration and travelling expenses are apportioned on a 50/50 basis.

1.7 Policy for Grant Commitments

Grant awards are accounted for as expenditure in the Statement of Comprehensive Net Income and, until paid, as a grant accrual in the Statement of Financial Position if they meet the definition of a liability.

Grant awards which have been formally decided upon which do not meet the definition of a liability are not included in expenditure in the Statement of Comprehensive Net Income or as an accrual in the Statement of Financial Position; but are disclosed as a contingent grant liability in the Notes to the Accounts.

1.8 Other income

Relates to income generated from UK Sport for the use of Sport Wales's assets and facilities.

1.9 Use of Estimates and Judgements

The preparation of the financial statements requires Sport Wales to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:-

Note 1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities, see note 1.6.1 for further details.

1.10 Financial Instruments

1.10.1 Financial Assets

Trade receivables and other current assets do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Cash and cash equivalents comprise cash in hand, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.10.2 Financial Liabilities

Trade Payables and other current liabilities are not interest bearing and are stated at their nominal value.

1.10.3 Borrowings

Non-interest-bearing borrowings receivable are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, non interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings at an effective interest rate of 3.5%.

1.11 Segmental reporting

Sport Wales's management reporting for Lottery provides information relating to the distribution of Lottery grants. Sport Wales is of the opinion that the disclosure requirements of IFRS 8 Operating Segments, is not applicable to these Lottery Distribution Accounts.

1.12 Prior Period Adjustments

Following the issue of the revised Lottery Accounts Direction by the Secretary of State for Culture, Media and Sport in December 2014, the Sports Council for Wales has amended its accounting policy in relation to how grant commitments are recognised in the financial statements of the Sports Council for Wales Lottery Distribution Account.

The revised direction has been applied to the financial statements in 2014-15 and grants made are now accounted for on an accruals basis, where previously these were accounted for when a firm offer of an award had been accepted by the grant recipient. Grant awards are accounted for as expenditure in the Statement of Comprehensive Net Income and, until paid, as a grant accrual in the Statement of Financial Position if they meet the definition of a liability.

As a result of this change of accounting policy, and in accordance with IAS 8, a prior period adjustment is required. The opening reserves of the Lottery Distribution Account as at 1 April 2013 and 1 April 2014 have been restated as well as the 2013-14 expenditure. Disclosure of the effect of this change is shown in note 17 to the financial statements.

Grant awards which have been formally decided upon which do not meet the definition of requiring an accrual to be made are not included in expenditure in the Statement of Comprehensive Net Income or as a provision in the Statement of Financial Position; but are disclosed as a contingent grant liability in the Notes to the Accounts.

2 Revenue grants met in the year

	2014-15	2013-14
Programme	£000	£000
Elite Cymru	2,626	2,652
Coach Cymru	1,585	1,701
National Performance	850	736
National Coaching	868	970
Disability Sport	590	498
Community Chest	1,907	1,947
Talent Development	232	215
	8,658	8,719

Community Chest includes an amount of £64,251 (2013-14 £64,286) paid in respect of administration costs of local authorities who administer the grant scheme at local level.

3 Grant accrual

	Capital	Revenue	2014-15	20132-14
	£000	£000	Total	Total
			£000	£000
Balance at 1 April	1,764	840	2,604	5,250
Grant offers met in the year	(3,756)	(8,658)	(12,414)	(13,530)
Grant offer not taken up	(82)	(11)	(93)	(54)
Grant offers made in the year	2,924	7,968	10,892	10,938
Movement in year	(914)	(701)	(1,615)	(2,646)
Accruals balance as at 31 March	850	139	989	2,604
Analysed as:				
Amounts falling due within one year	612	139	751	2,334
Amounts falling due after one year	238	-	238	270
			2014-15	2013-14
			£000	£000
Amounts due during 2014-15 Financial Year			-	2,334
Amounts due during 2015-16 Financial Year			751	78
Amounts due during 2016-17 Financial Year			238	192
Balance at 31 March 2015			989	2,604
			2014-15	2013-14
			£000	£000
Intra-government balances				
Balances with other central government bodies			-	-
Balance with local authorities			75	235
			75	235
Balance with bodies external to government			914	2,369
			989	2,604

Prior year figures have been re-stated due to a change in accounting policy as shown in Note 1.12 and Note 17.

Sport Wales will treat Grant awards as expenditure, and if unpaid as an accrual, if a constructive obligation to make payment exists. Grant awards that are free from any special conditions of grant become a constructive obligation when the formal offer of grant has been sent to the grant recipient.

Grant offers with special conditions attached become a constructive obligation when the applicant has complied with the special conditions incorporated into the contract. Awards that have been decided upon but have conditions of grant outstanding that have yet to be fulfilled will not give rise to a constructive obligation and will not give rise to a grant accrual; instead such awards will be disclosed by way of note as a contingent grant liability.

Grant awards will be treated as a formal offer upon formal written notification to the intended recipient by means of an "offer letter". Oral or informal communication by staff which is stated to be non-binding by Sport Wales will not be treated as a formal offer of grant.

Sport Wales will not treat any of the following conditions as being under their control:

- The requirement to obtain planning permission or any other regulatory approval;
- The requirement to obtain match funding from other sources; and
- A general condition relating to the availability of lottery funds.

4 Contingent Grant Liabilities

	2014-15 £000	2013-14 £000
Grant Liability	3,218	201
	<u>3,218</u>	<u>201</u>

5 Capital commitments

At 31 March 2015, the Lottery account had no contractual commitments for capital and Property, Plant and Equipment (2013-14 Nil).

6 Taxation payable

	2014-15 £000	2013-14 £000
Tax payable on interest received at 20% (2013-14 20%)	-	1
	<u>-</u>	<u>1</u>

7 Staff numbers and related costs

The staff costs figure shown in the Net Expenditure Account is an apportionment of costs incurred by Sport Wales and is arrived at as follows:

	Average No. of full time equivalent staff involved	2014-15 £000	2013-14 £000 Restated
	2014-15	2013-14	
Gross salary costs			
Chair L McAllister (see note below *)		18	18
Chief Executive H Jones	0.25	0.25	10
Chief Executive S Powell	0.25	0.25	20
Other Staff	38.91	36.84	1,716
		1,701	1,764
Salaries and wages		1,355	1,373
Social Security costs		100	107
Other Pension costs		343	477
IAS19 adjustments		(97)	(193)
		1,701	1,764

Other Pension costs include a lump sum contribution of £115,000 towards the net pension liability (2013 14 £247,250).

IAS19 Employee Benefits requires an actuarially calculated figure (current and past service cost) to be charged to the Statement of Comprehensive Net Income (SoCNI). For 2014-15, this charge was £225,000 and replaces the employer's pension costs in the SoCNI. Therefore the net effect was (£97,000) to staff costs after deducting employer's contribution. As current service cost is a notional entry, this is reversed in the Statement of Changes in Taxpayers Equity so that Lottery balances are only charged with the cost of employer's pension contributions.

Redundancy costs for the year have been met in full by and reflected in the accounts for the Sports Council for Wales. There are no redundancy costs included in these financial statements.

Staff costs are further analysed as follows:

	2014-15 £000	2013-14 £000
Administration	869	928
Sports Science Support to Athletes	832	836
	1,701	1,764

* The average number of staff employed are all permanent contract staff. The Chair is appointed to work 2 days per week and spends 50% of that time on lottery activities

9 Property, plant and equipment

	Equipment £000	Total £000
Cost or Valuation at 1 April 2013	212	212
Additions	48	48
Disposals	—	—
At 31 March 2014	<u>260</u>	<u>260</u>
Depreciation at 1 April 2013	(96)	(96)
Charge for the year	(29)	(29)
Disposals	—	—
At 31 March 2014	<u>(125)</u>	<u>(125)</u>
Net Book Value at 31 March 2014	<u>135</u>	<u>135</u>
Net Book Value at 31 March 2013	<u>116</u>	<u>116</u>
	Equipment £000	Total £000
Cost or Valuation at 1 April 2014	260	260
Additions	51	51
Disposals	—	—
At 31 March 2015	<u>311</u>	<u>311</u>
Depreciation at 1 April 2014	(125)	(125)
Charge for the year	(33)	(33)
Disposals	—	—
At 31 March 2015	<u>(158)</u>	<u>(158)</u>
Net Book Value at 31 March 2014	<u>135</u>	<u>135</u>
Net Book Value at 31 March 2015	<u>153</u>	<u>153</u>

10 Trade receivables and other current assets

	31 March 2015 £000	31 March 2014 £000
Due within one year		
Other receivables and prepayments	<u>47</u>	<u>60</u>
Due within more than one year		
Other receivables and prepayments	<u>111</u>	<u>137</u>
Total	<u>158</u>	<u>197</u>

Included in other receivables is £143,000 (2013-14 £169,000) in respect of interest free loans made over a period of up to 10 years.

	31 March 2015 £000	31 March 2014 £000
Intra-government balances		
Balances with other central government bodies	-	-
Balance with local authorities	<u>15</u>	<u>26</u>
	15	26
Balance with bodies external to government	<u>143</u>	<u>171</u>
	<u>158</u>	<u>197</u>

Grants repayable had arisen due to a number of reasons, including under spends against amounts awarded and failures by recipients to comply in full with the conditions of grant

11 Trade payables and other current liabilities

	31 March 2015 £000	31 March 2014 £000
Sport Wales	595	763
Accruals	<u>19</u>	<u>34</u>
	<u>614</u>	<u>797</u>
	31 March 2015 £000	31 March 2014 £000
Intra-government balances		
Balances with other central government bodies	595	763
Balance with local authorities	<u>-</u>	<u>-</u>
	<u>595</u>	<u>763</u>
Balance with bodies external to government	<u>19</u>	<u>34</u>
	<u>614</u>	<u>797</u>

12 Analysis of changes in cash and cash equivalents

	1 April 2014 £000	Cash Flow £000	31 March 2015 £000
Cash and cash equivalents	588	(212)	376

All cash is held in commercial bank accounts.

13 Contingent liabilities

With the exception of contingent grant liabilities, disclosed in Note 4, there were no other contingent liabilities at 31 March 2014 and 31 March 2015 requiring disclosure.

14 Financial instruments

International Financial Reporting Standard 7 : Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks Sport Wales's Lottery function faces in undertaking its role.

Liquidity Risks

In 2014-15, £17,592,000 or 98.3% of income derived from the National Lottery (2013-14 £15,229,000 or 98.0%). Of the remaining income, £71,000 or 0.4%, derived from investment returns from the balance held with the National Lottery Distribution Fund, (2013-14 £70,000 or 0.5%), and £232,000 or 1.3% from bank interest and sundry income (2013-14 £237,000 or 1.5%). Sport Wales does not consider that it's Lottery fund is exposed to any significant liquidity risk, and are satisfied that the balance within the NLDF and projected future Lottery proceeds are sufficient to meet its hard commitments.

Interest Rate Risks

The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. Sport Wales has no control over the investment of Funds in the National Lottery Distribution Fund. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account which on average carried an interest rate of 0.50% (2013-14 0.50%) in the year. The cash balance at the year-end was £376,000 (2013-14 £588,000). Sport Wales considers that it's Lottery function is not exposed to significant interest rate risks. Included in receivables (note 10) is £143,000 (2013-14 £169,000) which relates to interest free loans. If interest had been charged at a treasury rate of 3.5% then £5,005 (2013-14 3.5% £5,915) would have been charged as interest in these accounts.

Foreign Currency Risk

The Lottery function of Sport Wales is not exposed to any foreign exchange risks.

15 Related party transactions

The Lottery operations of Sport Wales are funded from the National Lottery Fund through the Department for Culture, Media and Sport. The Department is regarded as a related party. In addition, the Lottery paid grants during the year to a number of organisations in which members and senior staff declared an interest and which are considered material.

Member's Panel	Body	Grant Payment/ (Income) in Year £000	Nature of link	Hard Grant Commitments not yet met
A Williams <i>Manager Plas Menai Watersports Centre</i>	Welsh Yachting Assoc	216	Coach and member Royal Yachting Assoc Daughters coach/ one employed for RYA	–
A Williams <i>Manager Plas Menai Watersports Centre</i>	Port Dinorwic Sailing Club	2	Member of Port Dinorwic Sailing Club Daughters and wife are also members	–
A Williams <i>Manager Plas Menai Watersports Centre</i>	The Outdoor Partnership	30	Member of Executive for North Wales Outdoor Partnership	105
A Williams <i>Manager Plas Menai Watersports Centre</i>	Welsh Canoeing Assoc	227	Member Canoe Wales	4
M Frost <i>Corporate Director</i>	Cardiff City Council	166	Wife employee Cardiff City Council	55
S Powell <i>CEO</i>	Welsh Hockey Union	302	Subscribing member of Welsh Hockey Union	–
J Lloyd <i>Council Member</i>	Welsh Netball Assoc	183	Mother Employee Welsh Netball Assoc	–
J Lloyd <i>Council Member</i>	Rhondda Cynon Taff CBC	349	Sister employee Rhondda Cynon Taff CBC	–
J Lloyd <i>Council Member</i>	Badminton Wales	102	Sister coach Badminton Wales	–
J Lloyd <i>Council Member</i>	Welsh Rugby Union	91	Father match official Welsh Rugby Union	–
J Lloyd <i>Council Member</i>	Cardiff Metropolitan University	–	Father Performance Director of Womens Rugby	129
J Longville <i>Council Member</i>	Pembrokeshire CC	29	Consultant West Consortia PE School Sport	–
J Longville <i>Council Member</i>	Powys CC	8	Consultant West Consortia PE School Sport	–
J Longville <i>Council Member</i>	Neath & Port Talbot CC	33	Consultant West Consortia PE School Sport	–
J Longville <i>Council Member</i>	City & County of Swansea	18	Consultant West Consortia PE School Sport	77

Member's Panel	Body	Grant Payment/ (Income) in Year £000	Nature of link	Hard Grant Commitments not yet met
J Longville <i>Council Member</i>	Ceredigion CC	16	Consultant West Consortia PE School Sport	–
J Longville <i>Council Member</i>	Cardiff Metropolitan University	–	Principle Lecturer at University	129
J Longville <i>Council Member</i>	Welsh Netball Assoc	183	Member of Welsh Netball	–
J Longville <i>Council Member</i>	Welsh Gymnastics Ltd	522	Mentor to High Performance Coach	–
J Longville <i>Council Member</i>	Athletics Assoc Wales	571	Son Member	–
Prof L McAllister <i>Chair</i>	FAW Football in the Community Ltd	85	Board Director and Trustee Welsh Football Trust	–
Prof L McAllister <i>Chair</i>	UK Sport	(174)	Board Member	–
M J Warren <i>Council Member</i>	Cardiff Metropolitan University	–	Former Director of Finance at University	129
Prof J Baylis <i>Council Member</i>	University Wales Swansea	–	Emeritus Professor	30
S Pirotte <i>Council Member</i>	Colegau Cymru	104	Board Member of Colegau Cymru	–
S Pirotte <i>Council Member</i>	Coleg Powys	4	Former CEO	–
A Watkin <i>Council Member</i>	Welsh Hockey Union	302	Chair Hockey Wales (North Wales)	–
A Watkin <i>Council Member</i>	Tennis Wales	89	Board Member Tennis Wales	–
A Watkin <i>Council Member</i>	Coleg Llandrillo	15	Wife Assistant Principal at Landrillo/ Menai group of Colleges	10
A Lycett	RCT Homes Ltd	30	Partner CEO Welsh Gymnastics Ltd	–
S Wafa	Cardiff City Council	166	Former Instructor	55

Remuneration of Senior Managers and Council Members

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within the Remuneration Reports on pages 10 to 11.

16 Pensions

The following pension disclosures have been prepared in accordance with IAS19 'Employee benefits'

Pension data contained within this disclosure have been provided by the Sport Wales's independent actuary, AON Hewitt. The IAS19 valuation provided by the actuary is for Sport Wales as a whole; no separate valuations have been obtained for the Sport Council for Wales Consolidated financial statements and the Lottery financial statements, and hence the data below is disclosed as gross.

The pension fund deficit along with the associated entries which impact the Statement of Comprehensive Net Income, Statement of Financial Position and Statement of Changes in Taxpayers Equity have been apportioned between the Sports Council of Wales Consolidated financial statements and the Lottery financial statements in a ratio based on the historic apportionment of staff costs to the Lottery account per note 1.5. For 2014-15 this is Lottery Accounts 23% and Sports Council for Wales Consolidated Accounts 77%.

Sport Wales made a total pension contribution in 2014-15 of £1,400,000 (2013-14 £1,930,000) which is analysed as follows:

- Employers Pension contributions £826,000 representing 20.2% of pensionable pay (2013-14 £778,000 21.5%); and advanced contributions in respect of early retirement cost £74,000 (2013-14 £77,000)
- Lump Sum Contribution of £500,000 (23% of which was met by Lottery), (2013-14 £1,075,000 of which 23% met by Lottery)

The rate of employer's pension contributions from 2014-15 will be 20.2%. This has been set as a result of the last triennial valuation of the scheme which was carried out as at 31 March 2013. Sport Wales expects to contribute £1,090,000 to the fund in 2015-16. In addition to this "strain on fund" contributions may be required as well as an additional contribution towards the pension deficit of £460,000.

The net pension liability for the Lottery account as at 31 March 2015 is £2,799,000 (2013-14 £2,362,000).

Main Financial Assumptions

	31 March 2015	31 March 2014	31 March 2013
Discount Rate	3.2	4.3	4.6
Inflation – CPI	1.8	2.4	2.8
Rate of increase to pensions in payment	1.8	2.4	2.8
Rate of increase to deferred pensions	1.8	2.4	2.8
Rate of general increase in salaries	2.8	3.4	4.7
Mortality assumptions:			
Future lifetime from age 65 (aged 65 at accounting date)			
– Male	23.8	23.7	24.0
– Female	26.7	26.6	26.8
Future lifetime from age 65 (aged 45 at accounting date)			
– Male	25.8	25.7	25.7
– Female	29.0	28.9	28.8

Sport Wales employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is derived by aggregating the expected rate of return for each asset class over the actual allocation for the Fund at 31 March 2015.

Analysis of movements in surplus (deficit) during the year

	31 March 2015 £m	31 March 2014 £m
Fair value of fund assets	30.40	26.37
Present value of liabilities	(42.57)	(36.64)
(Deficit) in scheme at end of year	(12.17)	(10.27)

Analysis of amount charged to Operating Costs

	31 March 2015 £m	31 March 2014 £m
Current service cost	0.90	1.09
Past service cost	0.08	0.00
Interest cost	0.41	0.86
Expense recognised	1.39	1.95

Remeasurement of amounts recognised in Other Comprehensive Expenditure

	31 March 2015 £m	31 March 2014 £m
Return on plan assets in excess of that recognised in net interest	(2.29)	(1.50)
Actuarial (gains)/losses due to change in financial assumptions	4.43	(3.38)
Actuarial (gains)/losses due to change in demographic assumptions	0.00	(1.78)
Actuarial (gains)/losses due to liability experience	(0.23)	2.28
Total amount recognised in Other Comprehensive Expenditure	1.91	(8.94)
Total amount recognised	3.30	(6.99)

Changes to the present value of defined benefit obligation during the accounting period

	31 March 2015 £m	31 March 2014 £m
Opening defined benefit obligation	36.64	41.67
Current service cost	0.90	1.09
Interest expense on defined pension obligation	1.56	1.90
Contributions by participants	0.29	0.27
Actuarial (gains)/losses on liabilities – financial assumptions	4.43	(3.38)
Actuarial (gains)/losses on liabilities – demographic assumptions	0.00	(1.78)
Actuarial (gains)/losses on liabilities – experience	(0.23)	(2.28)
Net benefits paid out	(1.10)	(0.85)
Past service cost (including curtailments)	0.08	0.00
Closing defined benefit obligation	42.57	36.64

Changes to the fair value of assets during the year

	31 March 2015 £m	31 March 2014 £m
Opening fair value of assets	26.37	22.48
Interest income on assets	1.15	1.04
Remeasurement gains/(losses) on assets	2.29	1.50
Contributions by the employer	1.40	1.93
Contributions by participants	0.29	0.27
Net benefits paid out	(1.10)	(0.85)
Closing fair value of assets	30.40	26.37

Actual return on assets

	31 March 2015 £m	31 March 2014 £m
Expected return on assets	1.15	1.04
Actuarial gain / (loss) on assets	2.29	1.50
Actual return on assets	3.44	2.54

History of asset values, present value of defined benefit obligation and deficit

	31 March 2015 £m	31 March 2014 £m	31 March 2013 £m	31 March 2012 £m	31 March 2011 £m
Fair value of assets	30.40	26.37	22.48	19.22	18.32
Present value of defined benefit obligation	(42.57)	(36.64)	(41.67)	(36.41)	(31.32)
(Deficit)	(12.17)	(10.27)	(19.19)	(17.19)	(13.00)

17 Prior period adjustments

Historically, grant provisions were recognised when a firm offer of a grant from the National Lottery proceeds had been made by Sport Wales and accepted in writing by the grant recipient. Following a change of accounts direction issued by the Department of Culture Media and Sport in December 2014, grant awards are accounted for as expenditure in the Statement of Comprehensive Net Income and, until paid, as a grant accrual in the Statement of Financial Position if they meet the definition of requiring an accrual in accordance with international accounting standard IAS 37.

As this is a change in accounting policy, IAS 8 requires that the change is applied to the 2013-14 comparative figures and this note discloses the impact on the previously reported 2013-14 transactions and balances. The change impacts on the (i) reserves balance at 1 April 2013, (ii) reserves balance at 1 April 2014 and (iii) Total Comprehensive Net Expenditure reported for the 2013-14 financial year.

i Reconciliation of restated opening reserves at 1 April 2013 to the reported opening reserves at 1 April 2013 (per audited 2014-15 Lottery financial statements)

	Balances held in NLDF £000	Balances held in SCW £000	Pension Reserve £000	Total £000
Reported Opening Reserves in 2012-13 audited accounts (as at 1 April 2013)	15,587	(3,175)	(4,414)	7,998
Impact of recognition of grant accrual	-	(816)	-	(816)
Restated Opening Reserves as at 1 April 2013	15,587	(3,991)	(4,414)	7,182

ii Reconciliation of restated opening reserves at 1 April 2014 to the reported opening reserves at 1 April 2014 (per audited 2013-14 Lottery financial statements)

This disclosure shows the effect of the prior period adjustment on the reported opening reserves in the 2014-15 financial statements. It takes into account the in-year IAS37 movements which now relate to Lottery financial accounts in light of change in recognition of when a grant award should be provided for.

	Balances held in NLDF £000	Balances held in SCW £000	Pension Reserve £000	Total £000
Reported Opening Reserves in 2013-14 audited accounts (as at 1 April 2014)	16,098	(2,007)	(2,362)	11,729
Impact of IAS37 in year movements:				
Impact of recognition of grant accrual	-	(475)	-	(475)
Restated Opening Reserves as at 1 April 2014	16,098	(2,482)	(2,362)	11,254

iii Reconciliation of restated Total Comprehensive Net Income at 31 March 2014 to the reported Total Comprehensive Net Income (per the audited 2013-14 Lottery financial statements)

This disclosure shows the impact of the prior period adjustment on the Total Comprehensive Net Income reported in the 2013-14 audited accounts. Total Comprehensive Net Income is restated to reflect that from 2014-15 grant awards are accounted for as expenditure in the Statement of Comprehensive Net Income and, until paid, as a grant accrual in the Statement of Financial Position if the formal offer of grant has been sent to the grant recipient, provided that the offer is free from any special conditions of grant.

Historically, grant commitments were recognised when a firm offer of a grant from the National Lottery proceeds had been made by Sport Wales and accepted in writing by the grant recipient.

The 2013-14 charges apportioned to Lottery have reduced the previously reported total net income figure.

	Total £000
Previously reported Total Comprehensive Net Expenditure (as at 31 March 2014)	3,731
Increase Grant accruals (treated as contingent liabilities previously)	<u>(474)</u>
Decrease in 2013-14 expenditure now recognised in 2012-13	<u>816</u>
Restated Total Comprehensive Net Income as at 31 March 2014	<u>4,073</u>

18 Events after the reporting period

The accounts were authorised for issue by the Accounting Officer on the date they were certified by the Comptroller and Auditor General. There were no events after the Reporting Period.

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